

Novadx Ventures and Sandstorm Agree to Acquire Additional Rex Coal and Related Assets in Tennessee

17.10.2012 | [CNW](#)

- Aimed to maximize productivity and future expansion through second mine entry on Rex coal.
- Intended to significantly increase reserves, resources and mine life.
- Facilitates a quicker start-up of mining operations at Rex No. 1 mine.

VANCOUVER, Oct. 16, 2012 - [Novadx Ventures Corp.](#) ("Novadx" or the "Company") (TSXV: NDX) announces that Novadx and [Sandstorm Metals & Energy Ltd.](#) ("Sandstorm") have entered into a Letter of Intent to acquire (the "Acquisition") certain coal properties and assets located in Campbell and Scott Counties, Tennessee generally known as Mine 12, the Turley Rail LoadOut, and the Smokey Junction Preparation Plant (the "Tennessee Properties") in the vicinity of the Company's Rex No. 1 Mine. The Tennessee Properties will be acquired from Premium Coal Company ("Premium") and National Coal, LLC ("National"), subsidiary companies of Justice Corporation, for an aggregate purchase price of US\$8.5 million (the "Purchase Price").

The acquisition of these assets will facilitate a number of positive steps for the Company. Mine 12 is also permitted to produce in the Rex seam and is contiguous with and will add significantly to the Company's existing Rex coal reserves. Mine 12 will provide a second mine entry into the high quality Rex coal seam, positioning the Company for future expansion and maximized productivity and extended mine life. Smokey Junction Preparation Plant will facilitate a more rapid start-up of mining operations at Rex No. 1 mine. The Turley Rail Load-Out facility brings improved market access, both domestic and export, to the Company. The combination of incremental reserves with a mine permit at Mine 12, a wash plant and refuse facility at Smokey Junction, and control of a load-out facility at Turley, located on the Norfolk Southern railroad, positions the Company for significant growth and improved market access.

Novadx CEO, Mr. Daniel Roling commented, "the Acquisition will greatly benefit the Company through the accretion of additional Rex coal at Mine 12, broadening our market access through the Turley Rail Load Out, and accelerating production at our Rex No. 1 mine by having immediate access to the nearby Smokey Junction Preparation Plant." Mr. Roling continued "Mine 12 is located about 5 miles from our Rex No. 1 mine, is fully permitted, is contiguous with, and ties into our existing property allowing us far greater flexibility in our future mine planning."

The Acquisition will be completed through a newly incorporated company ("Newco") to be initially owned by Sandstorm and by Novadx, based on their relative contribution to the Purchase Price. Novadx will have full control over management and operation of Newco.

The Purchase Price will be payable through a cash payment of US\$3,000,000 contributed by Sandstorm; US\$2,000,000 payable through the issuance of 4,377,675 common shares of Sandstorm; and a short term promissory note ("Note") issued by Newco in the amount of US\$3,500,000 payable in accordance with one of the following outcomes:

1. In the event that Novadx closes the special warrant (the "Special Warrants") financing announced on September 21, 2012 and October 12, 2012, ("Financing") for the maximum amount of CDN\$25 million and Novadx obtains shareholder approval of its proposed restructuring, the Note shall be repaid by (A) US\$500,000 in cash and (B) the issuance of 5,884,545 post 10:1 consolidated common shares of Novadx;
2. In the event Novadx closes the Financing for at least \$15 million but less than the \$25 million and obtains shareholder approval for the Restructuring, the Note shall be repaid by (A) the issuance of 5,884,545 post consolidated common shares of Novadx and (B) at Novadx's option either US\$500,000 in cash or the issuance of an additional 980,760 post consolidated common shares; or,
3. In the event Novadx does not close the Financing or does not obtain shareholder approval for the Restructuring, the Note shall become a 5 year term loan (the "Loan") secured by a first lien and security interest in the Smokey Junction Preparation Plant, payable in annual installments of US \$700,000 in principal plus accrued interest at the Prime Rate quoted in the Wall Street Journal. Newco may pay the outstanding

principal balance plus accrued interest at any time prior to maturity without penalty. Sandstorm has the option to pay the outstanding principal balance plus accrued interest at any time through the issuance of Sandstorm common shares at the 10 day trading average prior to Sandstorm making such election. Novadx has otherwise agreed to fund the repayment of the Note.

The US \$3,000,000 cash commitment from Sandstorm towards the Purchase Price forms part of Sandstorm's previously announced commitment to subscribe for up to \$5,000,000 under the Financing. Sandstorm has also granted Novadx an option to acquire Sandstorm's interest in Newco at cost. The option exercise price will be satisfied by Novadx issuing to Sandstorm an amount of units (on the same terms as the Financing) that is equal to US\$5,000,000 less any other amount subscribed for or converted by Sandstorm pursuant to the Financing. The balance of the option exercise price will be owed by Novadx to Sandstorm pursuant to a promissory note, with a one year term, bearing interest at 8% per annum. In the event that Sandstorm issues additional shares or cash in payment of the Loan, Novadx will have the option to repay such amount pursuant to a promissory note bearing the same interest, but with a three year term.

Completion of the Acquisition and related transactions remains subject to the approval of the TSX Venture Exchange.

About Novadx:

[Novadx Ventures Corp.](#) is a Vancouver based mining investment company. Through its wholly owned subsidiary, Novadx's primary focus is to invest its capital to acquire and develop companies with active or near production high quality coal reserves in the US Appalachia coal region. Novadx intends to continue to grow the value of its coal investments through expanding production and reserves amongst its existing investments and by investing in additional acquisitions. Novadx is actively evaluating a number of high quality coal acquisition opportunities. For more information please visit www.novadx.com.

About MCoal:

MCoal Corporation is a wholly-owned subsidiary of Novadx Ventures Corp. which operates the Rosa coal mine in Blount County, Alabama and is developing the Rex No.1 coal mine in Campbell County, Tennessee.

ON BEHALF OF THE BOARD

Daniel A. Roling
President, CEO and Director

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the qualification under the securities laws of such jurisdiction.

This release contains "forward-looking information" that includes information relating to future events and future financial and operating performance, including management's assessment of Novadx's and MCoal's future outlook, potential financings, potential acquisitions, properties, permitting and mining activities and production. Specifically, this release contains forward-looking information related to future development of assets, mining operations, permitting and regulatory approvals, and potential financings. Statements included in this announcement, including statements concerning our plans, intentions and expectations, which are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words including "anticipates", "believes", "intends", "estimates", "expects" and similar expressions. Forward-looking information should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Forward-looking information is based on information available at the time it is made and/or management's good faith belief as of that time with respect to future events, and such information is subject to risks and uncertainties that could cause actual performance or results to differ materially from those

expressed in or suggested by the forward-looking information. Important factors that could cause these differences include but are not limited to: requisite regulatory and shareholder approvals, actual or expected sampling or production results, pricing and assumptions, projections concerning reserves and/ or resources in our mining operations; changes in contracted sales, the business of the Company may suffer as a result of uncertainty surrounding the coal market; the Company may be adversely affected by other economic, business, and/or competitive factors; the worldwide demand for coal; the price of coal; the price of alternative fuel sources; the supply of coal and other competitive factors; the costs to mine and transport coal; the ability to maintain existing mining leases and rights and the ability obtain new mining leases, rights and permits; governmental and regulatory approvals, the costs of reclamation of previously mined properties; the risks of expanding coal mining activities and production; the ability to bring new mines on line on schedule; industry competition; the Company's ability to continue to execute its growth strategies; the Company's ability to secure and complete additional financing and debt restructuring; the Company's ability to complete planned acquisitions; and general economic conditions. You should not put undue reliance on any forward-looking information. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking information, no inference should be drawn that we will make additional updates with respect to those or other forward-looking information. The company cautions readers that forward-looking statements, including without limitation those relating to the company's future operations and business prospects, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements.

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Die URL für diesen Artikel lautet:

<https://www.minenportal.de/artikel/93293--Novadx-Ventures-and-Sandstorm-Agree-to-Acquire-Additional-Rex-Coal-and-Related-Assets-in-Tennessee.html>

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